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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte EDWARD J. STASHLUK, JR.,
MICHAEL J. STEVENS,
JENNIFER A. MILCH,
PHILLIP J. SIDARI,
TERRY COMBS
and DOUGLAS J. KERN

Appeal 2008-003777
Application 10/697,485
Technology Center 3600

Decided: September 11, 2009

Before HUBERT C. LORIN, ANTON W. FETTING, and
BIBHU R. MOHANTY, *Administrative Patent Judges.*

LORIN, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE

Edward J. Stashluk, Jr., et al. (Appellants) seek our review under 35 U.S.C. § 134 of the final rejection of claims 1, 3-6, and 33-46. Claim 2 has been canceled. Claims 7-32 have been withdrawn. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

SUMMARY OF DECISION

We AFFIRM.[1]

THE INVENTION

"This invention relates to merchandise return methods and systems, and more particularly to a method of managing returns of goods purchased from retailers and other merchants." Specification 1.

Claim 1, reproduced below, is illustrative of the subject matter on appeal.

> 1. A method, performed by a returns provider, of handling customer returns of items on behalf of multiple merchants, comprising the steps of:
>
> storing a set of merchant returns rules in a processing system, such that a set of returns rules is associated with each merchant,

[1] Our decision will make reference to the Appellants' Appeal Brief ("App. Br.," filed Jun. 26, 2008) and Reply Brief ("Reply Br.," filed Nov. 16, 2007), and the Examiner's Answer ("Answer," mailed Sep. 28, 2007).

maintaining a plurality of regional return centers;

receiving, by carrier delivery, packages containing returned items at a selected one of the regional returns centers;

wherein affixed to each package is a printed label, the label having machine readable data representing at least the identification of a merchant associated with the returned item, the printed label including a destination address associated with the selected one of the regional returns centers, the selected one of the regional returns centers selected for carrier delivery of the package because the selected one of the regional returns centers is geographically closer to a location of a customer from which the package is received than others of the plurality of regional returns centers;

scanning the machine readable data on each package;

correlating at least a portion of the machine readable data with a set of returns rules; and

notifying the merchant of a returned package, based on the results of the correlating step.

THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Hauser	US 6,536,659 B1	Mar. 25, 2003
Junger	US 2004/0172260 A1	Sep. 2, 2004

Cattron acquires Theimeg. Modern Materials Handling. Boston; Vol. 55, No.11, p.26. Oct. 2000. [Hereinafter ReturnValet1].

J. Crew Selects Newgistics' ReturnValet Service for Managing Product Returns. Business Editors, Business Wire; Jan. 14, 2002. [Hereinafter ReturnValet2].

The following rejections are before us for review:

1. Claims 1, 3, 33, 34, and 38-46 are rejected under 35 U.S.C. §103(a) as being unpatentable over Hauser, ReturnValet1, and Junger.
2. Claims 4-6 and 35-37 are rejected under 35 U.S.C. §103(a) as being unpatentable over Hauser, ReturnValet1, Junger, and ReturnValet2.

ISSUES

The first issue before us is whether the Appellants have shown that the Examiner erred in rejecting claims 1, 3, 33, 34, and 38-46 under 35 U.S.C. §103(a) as being unpatentable over Hauser, ReturnValet1, and Junger. Specifically, would one of ordinary skill in the art have been led by Hauser, ReturnValet1, and Junger to a method of handling customer returns which includes the steps of maintaining a plurality of regional return centers and receiving at the region return center, by carrier delivery, a package having a printed label, which includes the address of the regional return center that is geographically closer to the customer?

The second issue before us is whether the Appellants have shown that the Examiner erred in rejecting claims 4-6 and 35-37 under 35 U.S.C. §103(a) as being unpatentable over Hauser, ReturnValet1, Junger, and ReturnValet2. Specifically:

would one of ordinary skill in the art have been led by Hauser, ReturnValet1, Junger and ReturnValet2 to include machine readable data, which identifies a purchase transaction by an invoice number, on a printed merchandise return label as recited in claims 4 and 35;

would one of ordinary skill in the art have been led by Hauser, ReturnValet1, Junger and ReturnValet2 to include machine readable data, which identifies a purchase transaction by a customer number, on a printed merchandise return label as recited in claims 5 and 36; and

would one of ordinary skill in the art have been led by Hauser, ReturnValet1, Junger and ReturnValet2 to include machine readable data, which identifies a purchase transaction by a product number, on a printed merchandise return label as recited in claims 6 and 37?

FINDINGS OF FACT

We find that the following enumerated findings of fact (FF) are supported by at least a preponderance of the evidence. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).

The scope and content of the prior art

Hauser

1. Hauser describes a central return center owned by Returns Online, Inc. which services returns of merchandise for a plurality of merchants. Col. 3, ll. 60-64.

2. Hauser describes packages with return authorization shipping labels, that include the address for Returns Online, Inc. and bar codes that identify the merchant and "any other information that is relevant to processing the return of the merchandise." Col. 4, ll. 21-22.
3. Hauser also describes the return label includes information referencing a portion of the data stored in the central database. Col. 2, ll. 17-20.
4. Hauser describes that the data transmitted by the merchant will identify the customer and includes a description of the merchandise that identifies the returned items. Col. 4, ll. 9-11 and 21-22.
5. Hauser describes that returned merchandise is received by the Returns Online, Inc. at its central return facility through the U.S. Postal Service or a private shipper. Col. 4, ll. 49-51. *See also* col. 4, ll. 41-43.

ReturnValet1

6. ReturnValet1 describes a service that handles product returns for direct-to-consumer merchants. ReturnValet11.
7. ReturnValet1 describes receiving returns by the customer at the "nearest post center" of 4,000 postal centers. ReturnValet1 1.

Junger

8. Junger describes request UPS, FedEx or U.S. mail to pickup a package for return service of products from customers. Junger [0181].

ReturnValet2

9. ReturnValet2 describes that when making a return to a ReturnValet location a customer should bring an invoice or gift receipt. ReturnValet2 2.

Any differences between the claimed subject matter and the prior art

10. Hauser describes a central return center instead of multiple regional return centers as claimed.

The level of skill in the art

11. Neither the Examiner nor the Appellants have addressed the level of ordinary skill in the pertinent art of merchandise return methods and systems. We will therefore consider the cited prior art as representative of the level of ordinary skill in the art. *See Okajima v. Bourdeau,* 261 F.3d 1350, 1355 (Fed. Cir. 2001) ("[T]he absence of specific findings on the level of skill in the art does not give rise to reversible error 'where the prior art itself reflects an appropriate level and a need for testimony is not shown'") (Quoting *Litton Indus. Prods., Inc. v. Solid State Sys. Corp.*, 755 F.2d 158, 163 (Fed. Cir. 1985)).

12. It is within the knowledge of one of ordinary skill in the art that invoices include an invoice number used to identify a transaction.

13. It is within the knowledge of one of ordinary skill in the art that a customer number is a type of data used to identify a customer

14. It is within the knowledge of one of ordinary skill in the art that a product number is a type of data used to identify a product.

Secondary considerations

15. There is no evidence on record of secondary considerations of non-obviousness for our consideration.

PRINCIPLES OF LAW

Obviousness

> Section 103 forbids issuance of a patent when 'the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.'

KSR Int'l Co. v. Teleflex Inc., 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, and (3) the level of skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 550 U.S. at 407 ("While the sequence of these questions might be reordered in any particular case, the [Graham] factors continue to define the inquiry that controls.") The Court in *Graham* further noted that evidence of secondary considerations "might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented." *Graham,* 383 U.S. at 17-18.

ANALYSIS

The rejection of claims 1, 3, 33, 34, and 38-46 under §103(a) as being unpatentable over Hauser, ReturnValet1, and Junger.

The Appellants argue claims 1, 3, 33, 34, and 38-46 as a group (App. Br. 18-24 and Reply Br. 2-4). We select claim 1 as the representative claim for this group, and the remaining claims 3, 33, 34, and 38-46 stand or fall with claim 1. 37 C.F.R. § 41.37(c)(1)(vii) (2007).

Claim 1

The Appellants challenge the Examiner's rejection of claim 1 for three reasons: 1) that not Hauser, ReturnValet1, or Junger individually describes both regional return centers and a printed label, which has a printed address of the closest regional return center to the customer (App. Br. 18-20 and Reply Br. 2-4), 2) that the Examiner has not pointed to any portions of Hauser, ReturnValet1, and Junger that would teach, suggest, or motivate one of ordinary skill in the art to make the proposed combination (App. Br. 22 and Reply Br. 8), and 3) that ReturnValet1 and Junger teach away from combination suggested by the Examiner. Reply Br. 4 and 9.

We turn to the Appellants' first argument, that none of Hauser, ReturnValet1, and Junger individually describes both regional return centers and a printed label, which has a printed address of the closest regional return center to the customer and, therefore, the combination of the three references does not teach all of the limitations of claim 1. App. Br. 18-20 and Reply Br. 2-4. The Examiner asserts that combining Hauser, which teaches a printed label with a return address for a central returns center, with

ReturnValet1's teaching of regional return centers, results in the claimed method. Answer. 5.

"The question in a §103 case is what the references would Collectively suggest to one of ordinary skill in the art. In re Simon, 461 F.2d 1387,[. . .](1972).." *In re Ehrreich*, 590 F.2d 902, 909 (CCPA 1979). (Emphasis added). The Supreme Court emphasized that "the principles laid down in *Graham* reaffirmed the "functional approach" of *Hotchkiss,* 11 How. 248." *KSR*,550 U.S. at 415. (citing *Graham*, 383 U.S. at 12 (emphasis added)), and reaffirmed principles based on its precedent that "[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results." *KSR*, 550 U.S. at 415. The operative question in this "functional approach" is "whether the improvement is more than the predictable use of prior art elements according to their established functions." *KSR*, 550 U.S. at 415.

We agree with the Examiner. The difference between the limitations at issue and Hauser is that Hauser describes a single central return facility and, therefore, the return label having the address for the single central return facility (FF 1 and 2) instead of multiple regional return facilities and the printed label having the address for the geographically closer return facility. Claim 1. ReturnValet1 teaches that the use of multiple regional return facilities to accept returns from customers is known (FF 6-7) and that it is known to use the "nearest" return facility. FF 7. We find that replacing the single central return facility in Hauser with the multiple regional return facilities in ReturnValet1 would be no more than the predictable use of prior art elements according to their established functions. All of the facilities

function to accept returns. We note that the Appellants have not submitted any evidence of unexpected results. FF 3.

We also find that when the single central return facility in Hauser is replaced with the multiple regional return facilities, the address on the printed label would logically be the address of a regional return facility. Further, given the teaching in ReturnValet1 that a customer would use the "nearest" facility (FF 7), the address would be the nearest regional return facility. "A person of ordinary skill is also a person of ordinary creativity, not an automaton." *KSR*,550 U.S. at 406 (2007). *See also Allvoice Computing PLC. V. Nuance Communications, Inc.*, 504 F.3d 1236, 1242 (Fed. Cir. 2007). Therefore, we find that the proposed combination of Hauser, ReturnValet1, and Junger, collectively, teaches the limitations at issue in claim 1.

Next, we turn to the Appellants' second argument, that the Examiner has not pointed to any portions of the cited references that would teach, suggest, or motivate one of ordinary skill in the art at the time of invention to incorporate the central return facility disclosed in Hauser with the postal centers disclosed in ReturnValet1 and the carrier delivery disclosed in Junger. App. Br. 22. However, this is an overly-strict standard for obviousness. "The obviousness analysis cannot be confined by a formalistic conception of the words teaching, suggestion, and motivation, or by overemphasis on the importance of published articles and the explicit content of issued patents." *KSR,* 550 U.S. at 419. Here we find the references disclose all the elements of the claimed invention, as discussed above with regards to the Appellants first argument, that do no more than one would expect if they were combined as claimed. "[W]hen a patent

'simply arranges old elements with each performing the same function it had been known to perform' and yields no more than one would expect from such an arrangement, the combination is obvious." *KSR,* 550 U.S. at 417 (*quoting Sakraida v. Ag Pro, Inc.,* 425 U.S. 273, 282.

Finally, we turn to the Appellants' third argument that ReturnValet1 and Junger teach away from the combination suggested by the Examiner. Reply Br. 4 and 9. "A reference may be said to teach away when a person of ordinary skill, upon reading the reference, would be discouraged from following the path set out in the reference, or would be led in a direction divergent from the path that was taken by the applicant." *In re Gurley*, 27 F.3d 551, 553 (Fed. Cir. 1994).

With respect to the combination of Hauser and ReturnValet1, the Appellants argue that the purpose of ReturnValet1 is to allow customers to take their returns to a store instead of mailing the returns. *See* Reply Br. 4. The Appellants state "[t] To use the system of ReturnValetl in a manner analogous to Appellants' claim language would result in a system that does not allow consumers to return products physically." Reply Br. 4. However, the Examiner did not propose modifying ReturnValet1, but instead proposed modifying Hauser to include multiple regional return centers. *See* Answer 13-14. We find that the Appellants have not shown that one of ordinary skill in the art would be led away from the combination as actually proposed by the Examiner.

With respect to the combination with Junger, the Appellants argue Junger teaches away from the proposed combination since Junger teaches shipping between a retailer and manufacturer for reimbursement instead of between a consumer and a merchant as in Hauser. Reply Br. 9. However,

we find that this fact does not teach away from the proposed combination. The fact that the shipper and receive in Junger and Hauser are different entities, would not lead one of ordinary skill in the art away from the proposed combination.

Accordingly, we find that the Appellants have not shown that the Examiner erred in rejecting claim 1, and claim 3, dependent thereon, under 35 U.S.C. §103(a) as being unpatentable over Hauser, ReturnValet1, and Junger.

Claim 33

We note that the Appellants argue against the rejection of claim 33 for the same reasons used to argue against the rejection of claim 1. App. Br. 21 and Reply Br. 4. Accordingly, because we found them unpersuasive as to that rejection, we find them equally unpersuasive as to error in the rejection of claim 33. We find that the Appellants have not shown that the Examiner erred in rejecting claim 33, and claims 34 and 38-46, dependent thereon, under 35 U.S.C. §103(a) as being unpatentable over Hauser, ReturnValet1, and Junger.

The rejection of claims 4-6 and 35-37under §103(a) as being unpatentable over Hauser, ReturnValet1, Junger, and ReturnValet2.

Claims 4 and 35

The Appellants argue that the combination of Hauser, ReturnValet1, Junger and ReturnValet2 does not teach or suggest that the printed label has machine readable data, which identifies a purchase transaction by an invoice number (*See* Claim 4 and 35), since ReturnValet2 merely teaches that a

customer should bring their invoice when returning merchandise. App. Br. 24-25 and Reply Br. 4-5. The Examiner asserts that modifying Hauser to have an invoice in light of the teachings of ReturnValet2 would be obvious. Answer 19.

We agree with the Appellants that ReturnValet2 states that a customer should bring their invoice or gift receipt when returning merchandise (FF 9) and not "that it is known to include the purchase transaction [is] represented by an invoice number" as asserted by the Examiner. Answer 18. However, we find that one of ordinary skill in the art would have been led to include machine readable data, which identifies a purchase transaction by an invoice number, on the printed label. Hauser's teaches that it is known to include on the label any information relevant to processing the return (FF 2) and ReturnValet2's actual teaching (FF 9) would suggest to one of ordinary skill in the art that an invoice would contain information relevant to processing a return. Further, we find that it would be within the knowledge of one of ordinary skill in the art that invoices can include an invoice number. FF 12. To make Hauser's data relevant to the return on the printed label an invoice number would be no more than using prior art elements according to their established functions.

Accordingly, we find that the Appellants have not shown that the Examiner erred in rejecting claims 4 and 35 under 35 U.S.C. §103(a) as being unpatentable over Hauser, ReturnValet1, Junger, and ReturnValet2.

Claims 5 and 36

The Appellants argue that the combination of Hauser, ReturnValet1, Junger and ReturnValet2 does not teach or suggest that the printed label has

machine readable data, which identifies a purchase transaction by a customer number. *See* Claim 5 and 36. App. Br. 25-27 and Reply Br. 5-7.

However, we find that one of ordinary skill in the art would have been led by Hauser and the knowledge of one of ordinary skill in the art to include machine readable data, which identifies a purchase transaction by a customer number, on the printed label. Hauser's teaches that it is known to include on the label data referencing data stored in a central database, which includes data identifying the customer (FF 2-4), and we find that it is within the knowledge of one of ordinary skill in the art that a customer number is a type of data used to identify a customer. FF 13. To make Hauser's data identifying the customer on the printed label a customer number would be no more than using prior art elements according to their established functions.

Accordingly, we find that the Appellants have not shown that the Examiner erred in rejecting claims 5, and 36 under 35 U.S.C. §103(a) as being unpatentable over Hauser, ReturnValet1, Junger, and ReturnValet2.

Claims 6 and 37

The Appellants argue that the combination of Hauser, ReturnValet1, Junger and ReturnValet2 does not teach or suggest that the printed label has machine readable data, which identifies a purchase transaction by a product number. *See* Claims 6 and 37. App. Br. 25-27 and Reply Br. 5-7.

However, we find that one of ordinary skill in the art would have been led by Hauser combined with the knowledge of one of ordinary skill in the art to include machine readable data, which identifies a purchase transaction by a product number, on the printed label. Hauser's teaches that it is known

to include on the label data referencing data stored in a central database, which includes data identifying the merchandise to be returned (FF 2-4), and we find that it is within the knowledge of one of ordinary skill in the art that a product number is a type of data used to identify a product. FF 14. To make Hauser's data identifying the product on the printed label a product number would be no more than using prior art elements according to their established functions.

Accordingly, we find that the Appellants have not shown that the Examiner erred in rejecting claims 6 and 37 under 35 U.S.C. §103(a) as being unpatentable over Hauser, ReturnValet1, Junger, and ReturnValet2.

CONCLUSIONS OF LAW

We conclude that the Appellants have not shown that the Examiner erred in rejecting claims 1, 3, 33, 34, and 38-46 under 35 U.S.C. §103(a) as unpatentable over Hauser, ReturnValet1, and Junger, nor have they shown that the Examiner erred in rejecting claims 4-6 and 35-37 under 35 U.S.C. §103(a) as unpatentable over Hauser, ReturnValet1, Junger, and ReturnValet2.

DECISION

The decision of the Examiner to reject claims 1, 3-6, and 33-46 is affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv) (2007).

AFFIRMED

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